

XR Immersive Tech Inc.

Consolidated Financial Statements Years ended December 31, 2024, and 2023

Expressed in Canadian dollars, except otherwise indicated

To the Shareholders of XR Immersive Tech Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for Material Accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Audit Committee is composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

SRCO Professional Corporation Chartered Professional Accountants, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board of Directors, Audit Committee and management to discuss their audit findings.

December 1, 2025

"Sheri Rempel"

Interim CEO & CFO



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of XR Immersive Tech Inc.

Opinion

We have audited the consolidated financial statements of XR Immersive Tech Inc. and its subsidiary (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy and information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2024, and had a working capital deficiency and an accumulated deficit at that date. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined there are no other key audit matters to communicate in our report.

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Independent Auditor's Report to the Shareholders of XR Immersive Tech Inc. (continued)

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as issued by IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Independent Auditor's Report to the Shareholders of XR Immersive Tech Inc. (continued)

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements (continued)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Independent Auditor's Report to the Shareholders of XR Immersive Tech Inc. (continued)

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sameer Parekh.

SRCO Professional Corporation

Richmond Hill, Canada
December 1, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

XR Immersive Tech Inc.
Statements of Financial Position
(Expressed in Canadian dollars, except as otherwise indicated)

	Note	As at December 31, 2024	As at December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalent	3	\$ 324,690	\$ 196,319
Receivable	4	91	438
Government sales tax receivable		7,582	28,659
		332,363	225,416
Non-current asset			
Investment	5	7,000	49,000
TOTAL ASSETS		\$ 339,363	\$ 274,416
LIABILITIES			
Current liabilities			
Trade and other payables	6	\$ 588,858	\$ 527,894
Accrued liabilities		668,647	334,134
Due to related parties	6	300,000	300,000
		1,557,505	1,162,028
Non-current liabilities			
CEBA loan	9	61,506	59,604
Due to former parent	6	1,093,533	1,161,913
Convertible debentures	10	203,109	200,260
Derivative liability	7,10	81,413	-
Loans payable	8	4,158,118	3,630,063
TOTAL LIABILITIES		7,155,184	6,213,868
SHAREHOLDERS' DEFICIT			
Share capital	2,11	7,003,765	6,487,222
Obligation to issue shares	11	21,250	-
Reserve	11	2,940,333	2,503,211
Accumulated other comprehensive income (loss)		21,387	(5,367)
Accumulated deficit		(16,802,556)	(14,924,518)
TOTAL SHAREHOLDERS' DEFICIT		(6,815,821)	(5,939,452)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		\$ 339,363	\$ 274,416

Nature of operations and going concern – Note 1
Subsequent events – Note 14

See accompanying notes to the consolidated financial statements.

XR Immersive Tech Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except as otherwise indicated)

	Notes	Years ended December 31,	
		2024	2023
Revenue		\$ 584,811	\$ 521,574
Cost of revenue		2,441	16,627
		582,370	504,947
Expenses			
Amortization and depreciation		-	223,120
Consulting and professional fees	6	626,841	653,352
Foreign exchange loss		24,413	1,889
General and administration	6	221,550	254,524
Interest and accretion	7,8,9,10	687,787	568,712
Research and development		-	203,155
Salaries and wages	6	108,267	157,021
Sales and marketing		46,542	8,522
Share-based compensation	6,11	25,273	670,095
Total expenses		(1,740,673)	(2,740,390)
Other items			
Gain on derivative liability	7	8,587	-
Loss on settlement of promissory notes payable	8	(500,776)	-
Change in fair value of investment	5	(42,000)	16,275
Other income	6	101,954	20,221
Impairment of assets	4	(287,500)	(2,043,435)
Change of fair value of contingent consideration	6	-	114,583
		(719,735)	(1,892,356)
Net loss for the year before tax		(1,878,038)	(4,127,799)
Current income tax	12	-	(36,349)
Deferred tax recovery	12	-	300,409
Net loss for the year after tax		(1,878,038)	(3,863,739)
Other comprehensive loss			
Currency translation adjustment		26,754	18,884
Comprehensive loss for the year		(1,851,284)	(3,844,855)
Loss per share - basic and diluted	2	\$ (0.12)	\$ (0.25)
Weighted average number of common shares outstanding for the year - basic and diluted	2	16,252,581	15,196,792

See accompanying notes to the consolidated financial statements.

XR Immersive Tech Inc.
Statements of Changes in Shareholders' Deficit
(Expressed in Canadian dollars, except as otherwise indicated)

		Share Capital ¹			Reserve			Accumulated Other Comprehensive Income	Deficit	Total
	Notes	Number of Shares	Amount	Obligation to Issue Shares	Contributed Surplus	Warrants				
Balance at January 1, 2023		15,190,628	\$ 6,465,971	\$ -	\$ 760,756	\$ 1,041,840	\$	13,517	\$ (11,060,779)	\$ (2,778,695)
Share-based payments - Westdale loan	11	125,000	21,251	-	-	-	-	-	-	21,251
Share-based payments - options	11	-	-	-	648,844	-	-	-	-	648,844
Equity portion of convertible debenture	10	-	-	-	25,886	25,885	-	-	-	51,771
Currency translation adjustment		-	-	-	-	-	-	(18,884)	-	(18,884)
Net loss for the year		-	-	-	-	-	-	-	(3,863,739)	(3,863,739)
Balance at December 31, 2023		15,315,628	\$ 6,487,222	\$ -	\$ 1,435,486	\$ 1,067,725	\$	(5,367)	\$ (14,924,518)	\$ (5,939,452)
Units issued for settlement of promissory notes payable	8,11	3,562,374	516,543	-	-	433,099	-	-	-	949,642
Share-based payments - options	11	-	-	-	4,023	-	-	-	-	4,023
Share-based payments - RSUs	11	-	-	21,250	-	-	-	-	-	21,250
Transfer fair value of cancelled warrants	8	-	-	-	25,886	(25,886)	-	-	-	-
Currency translation adjustment		-	-	-	-	-	-	26,754	-	26,754
Net loss for the year		-	-	-	-	-	-	-	(1,878,038)	(1,878,038)
Balance at December 31, 2024		18,878,002	\$ 7,003,765	\$ 21,250	\$ 1,465,395	\$ 1,474,938	\$	21,387	\$ (16,802,556)	\$ (6,815,821)

¹ Common share amounts have been retrospectively adjusted for all prior periods to reflect the Share Consolidation effected on November 8, 2023 (Notes 2(b) and 12).

See accompanying notes to the consolidated financial statements.

XR Immersive Tech Inc.
Statements of Cash Flows
(Expressed in Canadian dollars, except as otherwise indicated)

	Years ended December 31,	
	2024	2023
Operating activities		
Net loss for the year	\$ (1,878,038)	\$ (3,863,739)
Adjustments for non-cash items:		
Interest and accretion	687,787	568,712
Deferred tax recovery	-	(300,409)
Amortization and depreciation	-	223,120
Foreign exchange loss	24,413	1,889
Change in fair value of investment	42,000	(16,275)
Gain on derivative liabilities	(8,587)	-
Net Impairment of non-financial assets	-	2,043,435
Revaluation of contingent consideration	-	(114,583)
Share-based compensation	25,273	670,095
Impairment of assets	287,500	-
Loss on settlement of promissory note payable	500,776	-
Changes in non-cash working capital items:		
Prepays	-	73,852
Government sales tax receivable	21,075	(17,425)
Trade and other payables	60,964	161,624
Accrued liabilities	247,191	307,966
Net cash flows provided by (used in) operating activities	10,354	(261,738)
Investing activities		
Other receivable - short-term loan	(37,500)	-
Net cash flows used in investing activities	(37,500)	-
Financing activities		
Proceeds from former parent company	70,870	16,263
Repayments to former parent company	(139,250)	-
Interest paid on CEBA loan	(1,328)	-
Proceeds from convertible debenture, net of costs	250,000	-
Net proceeds from convertible debentures	-	190,000
Net cash flows provided by financing activities	180,292	206,263
Effect of foreign exchange rates on cash and cash equivalents	(24,775)	(18,887)
Change in cash and cash equivalents	128,371	(74,362)
Cash and cash equivalents, beginning of the year	196,319	270,681
Cash and cash equivalents, end of the year	\$ 324,690	\$ 196,319

See accompanying notes to the consolidated financial statements.

1. Nature of Operations and Going Concern

The former parent company, Victory Square Technologies Inc. (“Victory Square” or “VST”) owned 43.89% (December 31, 2023 – 54.1%) of XR Immersive Tech Inc. (the “Company” or “XRI”) until deconsolidation on September 27, 2024. On September 3, 2021, the Company’s common shares commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol VRAR. On November 6, 2023, the Company changed its CSE trading symbol to VRAI. The Company’s registered and records office are located at Suite 401, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

On January 4, 2022, XR acquired Synthesis VR Inc. (“Synthesis” or “SVR”) which was considered a business combination. SVR offers a platform that serves the location-based virtual reality (“LBVR”) segment and operates in the US, Canadian, and International markets. SVR charges LBVR operators’ subscription fees that can be customized to the customers’ needs and are based on the utilization of SVR’s platform and the content available therein. The platform allows for the use of content made available to SVR through game licenses with various developers. The Company’s management concluded that SVR’s operations were not profitable and decided to pursue other investment opportunities.

The Company’s management is currently attempting to offer a more affordable, user-friendly continuous glucose monitoring (“CGM”) solution compared to market leaders, whose devices dominate the CGM market but often come with a high price tag that limits accessibility to all consumers.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2024, the Company had a working capital deficiency of \$1,225,142 (December 31, 2023 – \$936,612) and an accumulated deficit of \$16,802,556 (December 31, 2023 – \$14,924,518). The Company does not have sufficient cash to sustain operations for the next twelve months without additional financing. The continued operations of the Company are dependent upon its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due; however, they may not be at terms that are favorable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern, and such adjustments could be material.

2. Material Accounting Policy Information

These financial statements were authorized for issue on December 1, 2025, by the directors of the Company who have determined that there are no significant subsequent events to report, as of that date, other than those disclosed elsewhere in these financial statements.

2. Material Accounting Policy Information (continued)

a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as applicable to the preparation of annual financial statements.

b) Principles of Consolidation

The Company's financial statements were consolidated with its subsidiary Synthesis VR Inc. ("SVR") from acquisition on January 4, 2022.

c) Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value, and are presented in Canadian dollars. The Canadian dollar is the functional currency of the Company.

On November 8, 2023, the Company completed a one-for-six (1:6) reverse share split of all of its issued and outstanding common shares ("Share Consolidation"), resulting in a reduction in the issued and outstanding shares from 91,143,641 to 15,190,628. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the Share Consolidation. All share and per share data presented in the Company's financial statements have been retroactively adjusted to reflect the Share Consolidation unless otherwise noted.

Business combinations

The Company uses the acquisition method to account for business combinations. This requires an entity to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The purchase price allocation involves judgment with respect to the identification of intangible assets acquired and estimates of the fair value of the assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any of the assumptions or estimates used to identify intangible assets acquired, determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Transaction costs incurred in a business combination are expensed.

The Company considers certain acquisitions to be asset acquisitions, on the assumption that there are no identifiable businesses acquired in the transaction. There is judgment involved in the determination of whether the acquisition involves assets or entire businesses. Direct transaction costs incurred in the acquisition of an asset, or a group of assets generally are a component of the consideration transferred and are capitalized as a component of the cost of the assets acquired and liabilities assumed. Where contingent consideration is included in an asset acquisition, the Company has adopted a policy choice to record a liability for any expected variable payments at the time the obligating event or related activity that gives rise to the variability occurs. Changes in the fair value of the contingent consideration upon recognition are recognized in the consolidated statements of loss and comprehensive loss during the periods in which the obligating event occurs.

2. Material Accounting Policy Information (continued)

d) Use of Estimates and Judgements

Goodwill

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue and expenses for the periods presented and the carrying amounts of assets, and liabilities, and the disclosure of contingent liabilities, at the date of the financial statements. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events believed to be reasonable, that are considered to be relevant, the results of which form the basis of the estimates made or judgement exercised that are not readily apparent from other sources. Actual results may differ from these estimates. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.

Significant areas requiring the use of estimates include the following:

Convertible Debt

The identification of convertible debt and conversion feature on debt are based on the interpretations of the substance of the contractual arrangement and therefore require judgment from management. The separation of the components affects the initial recognition at issuance and the subsequent recognition of interest on the liability component. Critical estimates and assumptions used in the assessment of the fair value of the components are discussed in Note 10 and include the discount rate applied. Where equity-settled instruments are included in debt instruments, the amount allocated to reserve is based on the relative fair values of each instrument determined using the Black-Scholes Option Pricing Model on the date of the issuance.

Contingent Consideration

The valuation of contingent consideration is based on management's estimate of the likelihood of any expected variable payment with changes in the fair value of the contingent consideration upon recognition recognized in the consolidated statements of loss and comprehensive loss during the periods in which the obligating event occurs.

Impairment of Non-Financial Assets

For the purposes of assessing impairment, the Company's assets are grouped and reviewed for impairment at the Cash Generating Unit ("CGU"), which is determined by management as equivalent to its operating segments. Key assumptions used in impairment calculations include revenue growth rate, discount rate, and management expectations in the market.

When there are indications that non-financial assets may be impaired, the Company is required to estimate their recoverable amounts. The recoverable amount is the greater of value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flow associated with the assets and a suitable discount rate in order to calculate the present value.

2. Material Accounting Policy Information (continued)

d) Use of Estimates and Judgements (continued)

Business combination

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair value. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Contingent consideration recorded at the acquisition date requires revaluation based on revised estimates of management at each reporting date.

Share-based payments

Equity-settled share-based payments made to employees are measured at the fair value of the instruments at the grant date and recognized in expense over the applicable vesting periods. Equity-settled share-based payments made to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services received cannot be reliably measured. Non-employee share-based payments are recognized in expense at the date the goods or services are received. The corresponding amount is recorded to share-based payment reserves. Share-based payment expense is reversed for unvested instruments when cancelled or expired. Upon the exercise of stock options at the applicable exercise price, the consideration received by the Company on the exercise is recorded in share capital and the related share-based payment reserve is transferred to share capital.

The fair value of options and warrants are determined using the Black-Scholes Option Pricing Model on the date of the grant, based on certain assumptions further discussed in Note 11. The fair value of restricted share units ("RSUs") is measured on the date of grant based on the closing price of the Company's common shares.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements include the following:

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting year. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecasts and access to replacement financing for the next twelve months.

2. Material Accounting Policy Information (continued)

d) Use of Estimates and Judgements (continued)

Treatment of development costs

Costs to develop products are capitalized to the extent that the criteria are met for recognition as intangible assets in accordance with International Accounting Standards ("IAS") 38. Such criteria require that the product is technically and economically feasible, the Company has the intention and ability to use the asset, and that the asset will generate future benefits to the Company. Management assessed the capitalization of development costs based on the attributes of each development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is technically and economically feasible.

Fair value of financial assets

The estimation of fair value of investments in shares is inherently complex and requires making certain estimates and assumptions about future events. The inputs to determine the fair value are taken from observable markets where possible but, where they are unavailable, assumptions are required in establishing fair value. The fair value measurement for investment in shares is derived using level 3 inputs based on past experience and management's expectations of future changes.

Derivative Liability

In calculating the fair value of its derivative liabilities, the Company uses the using the with-and-without approach, for level 3 recurring fair value measurements to estimate the fair value at each reporting date. The key assumptions used in the models are similar and include the expected future volatility in the price of the Company's shares, the fair market value of the price of the Company's share and the expected life of the underlying instrument. (Refer Note 7).

e) Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial instruments measured at amortized cost include cash and cash equivalent, and other receivable, trade and other payables, accrued liabilities, due to former parent, due to related parties, CEBA loan, convertible debenture, obligation to issue shares, and loans payable.

The investment is a financial instrument which is measured at FVTPL include investments and derivative liability.

2. Material Accounting Policy Information (continued)

e) Financial Instruments (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the year in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statements of loss and comprehensive loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statements of loss and comprehensive loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statements of loss and comprehensive loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the statements of loss and comprehensive loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the allowance at the reporting date to the amount that is required to be recognized.

2. Material Accounting Policy Information (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

f) Investments

Investments which are classified as financial instruments under IFRS 9 are initially recorded at the fair value at the time of acquisition. Subsequent measurement depends on the classification of the financial instrument as noted above in Note 2(f).

For those investments in which the Company has significant influence the Company uses the equity method of accounting whereby an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the investee. Any distributions received from the investee company reduce the carrying amount of the investment.

g) Foreign Currency Translation

These consolidated financial statements are presented in Canadian dollars. At the time of financial reporting the following conversion methods are used:

Translation of Foreign Currency Transactions

At each statement of financial position date, foreign currency monetary items are translated to reflect the exchange rate at the statement of financial position date. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are recorded in the statement of loss and comprehensive loss.

Translation of Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the year.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the statements of loss and comprehensive loss in the period in which the operation is disposed.

2. Material Accounting Policy Information (continued)

h) Segments

The financial statements include one operating segment for the overall business. The operating results are regularly reviewed by the chief operating decision makers to determine decisions about resources and how they will be allocated to determine performance. At this time, management does not make decisions by revenue stream. Therefore, the financial statements are presented as one operating segment; XRI's customers are exclusively in Canada and the US markets and SVR's customers are in the US, Canadian, and international markets.

i) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured using management's best estimate as to the outcomes, based on known facts, risks and uncertainties at the reporting date. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the asset associated with the contract.

j) Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statements of loss and comprehensive loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred tax is recognized using the asset-liability method and calculated based on all temporary differences, at the statements of financial position date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. Material Accounting Policy Information (continued)

k) Income Taxes (continued)

Deferred Income Tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, as applicable, based on the tax rates that have been enacted or substantively enacted at the reporting date. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

l) Impairment of Non-Financial Assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statements of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Company considers SVR to be a distinct cash-generating unit for which impairment of non-financial assets is performed at each reporting date.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

m) Revenue Recognition

Revenue from Contracts with Customers

IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

2. Material Accounting Policy Information (continued)

m) Revenue Recognition (continued)

Revenue from Contracts with Customers (continued)

The Company determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract, or contracts with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Company satisfies the performance obligations.

The Company, through its investment in its former subsidiary and legacy operations, generated its revenue from the following sources:

Revenue from Location-Based Virtual Reality ("LBVR")

SVR offered a platform that served the LBVR segment. SVR charged LBVR operators' subscription fees that could be customized to the customers needs and were based on the access, utilization, and features available on SVR's platform and the content available therein. The platform allowed for the use of content made available to SVR through game licenses with various developers. SVR acted as an agent in its revenue generating activity, recording revenue on a net basis by deducting the cost of content license fees from gross revenue. SVR had license agreements with licensors where the licensors granted SVR the right to use their license in exchange of percentage of gross revenue earned from LBVR customers.

The licensors set the price of their content and maintained control over the content, while SVR bore no credit risk to pay developers should it not collect subscription and usage fees from its customers. SVR periodic subscription revenue was recognized as services were rendered, which generally coincided with monthly billings. Revenue related to content use was recognized at a point time, representing 21% of total revenue, when earned, which also generally is included in monthly billings.

Immersive Experiences Revenue

Revenue from providing immersive experiences was recognised in the accounting year in which the services were rendered. For fixed-price contracts, revenue was recognized based on the actual service provided to the end of the reporting year as a proportion of the total services to be provided. This is determined based on the actual total costs spent relative to the expected total costs. Revenue is recognized as the performance obligation is satisfied, which was over a period of time.

Estimates of revenues, costs, or extent of progress toward completion were revised if circumstances changed. Any resulting increases or decreases in estimated revenues or costs were reflected in the statements of loss and comprehensive loss in the year in which the circumstances that gave rise to the revision become known to management.

2. Material Accounting Policy Information (continued)

m) Revenue Recognition (continued)

In the case of fixed-price contracts, the customer paid the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset (receivable) was recognized. If the payments exceeded the services rendered, a contract liability (deferred revenue) was recognized. Any known loss on the contract was recognized immediately.

Deferred revenue consisted of customer consideration received in advance of the related performance obligation satisfied and revenue earned.

n) Leases

The Company assesses at inception of a contract, whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the customer has the following through the period of use:

1. The right to obtain substantially all of the economic benefits from use of the identified asset; and
2. The right to direct the use of the identified asset.

At the lease commencement date, the Company recognizes a right of use asset and a lease liability. The right of use asset is initially measured at cost. The cost of the right of use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Company, and an estimate of the costs to be incurred by the Company in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Company measures right of use assets related to property and equipment by applying the cost model, whereby the right of use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the estimated useful life of the right of use asset. The determination of the depreciation period is dependent on whether the Company expects that the ownership of the underlying asset will transfer to the Company by the end of the lease term or if the cost of the right of use asset reflects that the Company will exercise a purchase option.

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the lease liability comprise of fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Company under a residual value guarantee, the exercise price of a purchase option that the Company is reasonably certain to exercise, and payment of penalties for terminating the lease if the lease term reflects the Company exercising an option to terminate the lease. After the commencement date, the Company measures the lease liability at amortized cost using the effective interest method.

2. Material Accounting Policy Information (continued)

n) Leases (continued)

The Company remeasures the lease liability when there is a change in the lease term, a change in the Company's assessment of an option to purchase the underlying asset, a change in the Company's estimate of amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. On remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company has elected to not recognize right of use assets and lease liabilities for short term leases and low value leases. Short-term leases are leases with a term of twelve months or less. Low value leases are leases where the underlying asset has a new value of US\$5,000 or less. The Company recognizes the lease payments associated with these leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

o) Government Grants

Loans received from government grants are recognized initially at fair value (Note 9), with the difference between the fair value of the loan based on prevailing market interest rates and the amount received recorded as a government grant gain in the statements of loss and comprehensive loss. Investment tax credits are recorded when the Company has complied with eligible requirements to receive the credit, using the cost reduction approach.

Investment tax credits related to eligible scientific research and experimental development ("SRED") expenditures are included in the statements of loss and comprehensive loss as a reduction of the expenses that they relate to. Investment tax credits related to the acquisition of property and equipment are deducted from the cost of the related assets, with any amortization calculated on the net amount, when received or when the Company has reasonable assurance that investment tax credits will be realized. The investment tax credits are subject to review and audit by the Canada Revenue Agency ("CRA").

Although the Company has used its best judgment and understanding of the related income tax legislation in determining the amounts and timing of investment tax credits, it is possible that the amounts could change by a material amount in the near term depending on a review and audit by the CRA.

p) Income (Loss) Per Share

Basic income (loss) per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted income (loss) per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the year and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the year. When a loss is incurred during the year, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

2. Material Accounting Policy Information (continued)

q) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events, and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of net loss and comprehensive loss. For the year ended December 31, 2014 and 2023, the Company recognized cumulative translation adjustment as the only item in other comprehensive loss.

r) Loan Modifications

The Company accounts for loan modification based on an assessment of whether the modification is substantial or non-substantial using both quantitative and qualitative tests. Where a modification is determined to be non-substantial, modification accounting adjusts the existing liability with an adjustment to amortized cost recorded in profit and loss. Where a modification is determined to be substantial, extinguishment accounting is used with the existing liability derecognized, and a new liability recognized at fair value with any difference between consideration and carrying amount of the old debt recorded as a gain or loss.

s) Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debentures (Note 10) that can be converted into common shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value. The liability component of compound financial instruments is initially recognised at the fair value of similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured. Interest related to the financial liability is recognised in profit or loss.

t) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

u) Warrants

The Company issues warrants from time to time which grant the holder the right to acquire one common share for each warrant at an exercise price and with an expiry date as per each warrant agreement.

2. Material Accounting Policy Information (continued)

v) Share-based Payments

The Company maintains an equity incentive plan for its officers, directors, employees, and consultants with a maximum number of shares reserved for issuance under all equity-based compensation arrangements.

- i) Share options are settled in equity. The fair value of share options granted is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in contributed surplus. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using an appropriate option pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest based on an estimate of the forfeiture rate.
- ii) Upon vesting, each RSU represents an entitlement to one common share of the Company. RSUs provide the option of being settled in cash. The fair value of RSUs granted is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in share-based payment liability. The liability is re-measured to fair value at each reporting date and, upon redemption, at the Company's closing share price, with any changes in the fair value recognized in profit or loss. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of RSUs that are expected to vest based on an estimate of the forfeiture rate. Upon redemption of the RSU, the liability is transferred to share capital.

w) Forthcoming Requirements

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2024, but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

- *Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures*
- *IFRS 18 Presentation and Disclosure in Financial Statements*

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. The Company does not anticipate a material impact to the consolidated financial statements upon adoption.

x) Derivative Liability

All derivative instruments are measured at fair value including embedded derivatives contained within financial or non-financial contracts that are not closely related to the host contract. A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

The debt component is initially recorded based on the residual value and is subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at each reporting date, with gains and losses in fair value recognized in profit or loss.

XR Immersive Tech Inc.
Notes to the Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars, except as otherwise indicated)

3. Cash and cash equivalent

As at December 31, 2024, the cash balance of \$324,690 (December 31, 2023 - \$196,319) was comprised entirely of cash held in operating accounts (2024: \$48,460 ; 2023: \$36,761) and balances held on payment processing platforms (2024: \$276,230 ; 2023 : \$159,558).

4. Receivable

During the year ended December 31, 2024, the Company recorded an impairment provision of \$250,000 for prepaid marketing fees (Note 8) and \$37,500 for a loan receivable.

	As at December 31, 2024	As at December 31, 2023
Other receivables	\$ 91	\$ 438

5. Investment and other income

On May 4, 2022, AlphaGen Intelligence Corp. (formerly Alpha Metaverse Technologies Inc.) ("Alpha") (CSE:AIC), a company traded on the CSE, completed the acquisition of 100% of the issued and outstanding share capital of Shape Immersive Entertainment Inc. ("Shape"), a private entity. On closing of the acquisition, XRI received 700,000 Class A common shares of Alpha. The fair value loss on the investment for the year ended December 31, 2024, is \$42,000 (December 31, 2023 – gain of \$16,275) resulting in a fair value of \$7,000 as at December 31, 2024 (December 31, 2023 - \$49,000).

Other income during the year ended December 31, 2024, totaled \$101,954 (December 31, 2023 - \$20,221) which primarily comprised of a \$101,747 (December 31, 2023 – \$Nil) provincial digital media tax credit related to the 2022 taxation year and \$Nil (December 31, 2023 - \$20,000) defined in the Alpha acquisition as additional cash consideration, being the payment of \$500,000 total to the Shape shareholders in aggregate, based on each shareholder's pro rata interest, of which XRI held 5%.

6. Related Party Transactions and Balances

During the years ended December 31, 2024, and 2023, the Company entered into the following transactions with related parties:

	December 31, 2024	December 31, 2023
Professional fees for a company controlled by CFO	\$ 90,000	\$ 90,000
Wages and consulting fees to former CEO and Director	\$ 150,000	\$ 150,000
Consulting fees - former Director	\$ 150,000	\$ 152,796
General & administrative fees for a company controlled by former Director	\$ 97,804	\$ 102,523
Share-based compensation to related parties (Note 13)	\$ 4,023	\$ 63,989

6. Related Party Transactions and Balances (continued)

At December 31, 2024, the Company owes \$303,135 (December 31, 2023 - \$194,510) to related parties, which is included in trade and other payables and accruals of which \$112,105 (December 31, 2023 - \$12,500) was due to former key management personnel. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Cumulative loans and advances from VST, a significant shareholder, amounting to \$1,093,533 (December 31, 2023 - \$1,161,913) presented as due to former parent on the statement of financial position, are unsecured, non-interest bearing and mature on August 31, 2026. The outstanding balance at December 31, 2024, is presented as a non-current liability on the statement of financial position.

Related Party Loans

The amount due to former owners of Synthesis previously presented in current liabilities as due to related parties on the statement of financial position, arose as a component of XRI's acquisition of Synthesis, and the Initial Purchase Price's Cash Consideration on First and Second Financing Payments.

7. Derivative Liability

The derivative liability of \$81,412 (2024 - \$Nil) originated on the issued convertible debenture (Note 10), which had a host liability and derivative components. See Note 10 for description of the instrument and component parts.

The fair value of the derivative liability is determined using the with-and-without approach. This involves calculating the present value of the in-the-money conversion feature discounted at the risk-free rate, and subtracting the present value of the par amount discounted at the risky rate.

The following range of assumptions were used to value the derivative liability during the year ended December 31, 2024.

- Risk-free rate: 2.06% (April 29, 2024: 4.36%)
- Credit spread: 7.03% (April 29, 2024: 8.24%)
- Risky rate: 9.10% (April 29, 2024: 12.6%)
- Remaining tenor: 1.326 years (April 29, 2024: 2 years)

8. Loans Payable

Westdale promissory notes payable

On December 17, 2021, the Company entered into a bullet loan agreement ("Westdale loan #1") for a principal amount of \$3,000,000, maturing on the earliest of 180 days from the closing date and either a financing or business combination transaction. The loan bore interest at a rate of 12% per annum. As an inducement to the lender, 333,333 lender warrants were issued at an exercise price of \$3.12 for a period of 4 years. Further, the loan is secured by a General Security Agreement over all of the Company's assets.

On August 31, 2022, the Westdale loan #1 agreement was amended to extend the maturity date to August 31, 2024. The Company paid \$72,986 in monthly interest through May 2022, but defaulted on the June, July, and August payments. The interest rate effective June 1, 2022, was increased to 15% from 12%, with interest accruing and payable on August 31, 2023. From September 1, 2023, until the maturity date, interest is payable monthly on the first Business Day of the month. In addition, in the amended agreement, the exercise price of the 333,333 lender warrants was changed from \$3.12 per common share to \$0.48 per common share. As an additional inducement for the lender to close the loan amendment agreement, the Company agreed to issue 500,000 RSUs, with 25% vesting on December 13, 2022, and the remainder vesting at 25% every 12 months (Note 13). No gain or loss was recorded as the amendment occurred after the original maturity date.

Westdale management has confirmed in writing that the lender will not demand repayment of the \$3,000,000 loan through August 31, 2026 and subsequent to year end, agreed to convert the loan principal and accrued interest to shares and no other terms or conditions of the loan agreement were amended or modified in connection with this extension.

Conversion, issuance and settlement of promissory notes payable

On July 1, 2024, the Company issued \$250,000 of promissory notes payable in consideration for prepaid marketing fees paid to a third-party on behalf of the Company (Note 4). The fair value of the note was \$200,772 and the \$49,228 equity component being allocated to contributed surplus. The fair value of these promissory notes payable was determined using the Company's incremental borrowing rate of 23%.

In September 2024, \$250,000 of previously issued convertible debentures were converted into promissory notes payable (Note 10).

8. Loans Payable (continued)

Conversion, issuance and settlement of promissory notes payable (continued)

On September 27, 2024, the Company executed debt settlement and subscription agreements, whereby the Company issued 3,562,374 Units to settle \$500,000 of promissory notes payable. Each Unit was comprised of one common share and one share purchase warrant exercisable at \$0.15 per share until September 27, 2027. The Company calculated a fair value of \$516,543 for common shares based on the market value of the Company's shares on the date of issuance and \$433,099 for warrants based on a calculation using the Black-Scholes Option Pricing Model (Note 11). The promissory notes payable had a carrying value of \$414,512 plus \$34,356 interest payable, resulting in a \$500,776 loss on settlement of promissory notes payable. The \$25,886 fair value of the previously issued 989,237 convertible debenture warrants was transferred from warrant reserves to contributed surplus.

A total of \$528,055 of interest and accretion were recognized on loans and promissory notes payable during the year ended December 31, 2024 (December 31, 2023 - \$551,416). Accrued coupon payable as at December 31, 2024, is \$1,183,048 (December 31, 2023 - \$712,500).

Balance, December 31, 2022	\$	3,078,647
Interest and accretion		551,416
Balance December 31, 2023		3,630,063
Interest and accretion		528,055
Balance, December 31, 2024	\$	4,158,118

9. CEBA Loan

The Canada Emergency Business Account ("CEBA") loan, partially forgivable, originally launched on April 9, 2020, was intended to support businesses during the COVID-19 pandemic.

The outstanding balance as of January 18, 2024, converted to a non-amortizing term loan with full principal repayment due on December 31, 2026. Commencing January 19, 2024, the loan accrues interest of 5% per annum. The Company did not repay the loan before January 18, 2024, and is not eligible for the forgivable portion.

For the year ended December 31, 2024, the Company recognized interest and accretion on the CEBA loan of \$3,230 (December 31, 2023 - \$10,335). During the year ended December 31, 2024, the Company paid \$1,328 (December 31, 2023 - \$Nil) of the CEBA loan resulting in an ending balance of \$61,506 (December 31, 2023 - \$59,604).

10. Convertible Debentures

The Company issued up to a maximum of \$500,000 convertible debenture units to a group of subscribers, each consisting of one unsecured, non-redeemable debenture and one common share purchase warrant exercisable for common shares. The debenture units were offered at an issue price of the 10-day value weighted average price ("VWAP") of the Company's common shares for the 10 trading days immediately preceding the date of draw down. The debentures bore interest at 12% per annum from issue date payable semi-annually in arrears on June 30 and December 31 of each year. The debentures were to mature 36 months from closing date, with the option to extend or prepay upon agreement by both parties. The debentures were convertible at the holder's option into common shares of the Company at a conversion price of \$0.15 with accrued and unpaid interest up to conversion date payable in cash or additional common shares. Each warrant was exercisable to acquire one common share at an exercise price of \$0.15 per share for a period of 36 months from the closing date.

On November 2, 2023, the Company drew on \$250,000 in debentures at a VWAP price equivalent to 989,237 debenture units. The debenture was financed by way of a transfer of \$190,000 in cash and the balance as repayment of amount due to parent. The fair value of the debt component of the debenture was determined at inception using the Company's incremental borrowing rate of 23%. A total of \$51,771, representing the difference between the discounted value of \$198,229 and the proceeds received of \$250,000, was allocated to the equity component. The amount allocated to equity was split between contributed surplus and warrant reserve based on the relative fair value of the warrants and conversion feature as determined using the Black-Scholes Option Pricing Model using expected volatility of 186%, dividend yield of 0%, life of 3 years, and risk-free interest rate of 4.15%.

On September 27, 2024, the \$250,000 debentures were converted into promissory notes payable and subsequently to share units (Note 11) with a discounted value of \$210,828 plus \$27,123 of coupon interest payable (Note 8).

On April 29, 2024, XRI issued a convertible debenture to the same lender who loaned XRI \$3,000,000 Promissory Note in 2021 (Note 8). The debenture was \$250,000 which bears interest at 12% per annum payable semi-annually and matures 24 months from the date of issuance. The instrument is secured by a General Security Agreement over all of the XRI's assets. The conversion option gives the lender the right to convert the debt and accrued interest at a conversion price equal to the 10-day volume weighted average price of XRI shares on the date of conversion less 20%. The convertibility feature results in the liability being separated into a host liability and a derivative liability, as the fair value of the derivative liability is based on the future price of XRI shares and results in a variable number of shares. Accordingly, the fair value of the derivative liability was calculated independently from the host liability using a with-and-without approach. The fair value of the conversion liability at initial recognition was \$90,000. The fair value of the host liability, at the date of recognition, was \$160,000, being the residual amount of \$250,000 less the fair value of the conversion liability. The fair value of the derivative liability was revalued on December 31, 2024, with the fair value of \$81,413. The net change in fair value of the derivative liability is \$8,587 (2024 - \$Nil) and is recorded as loss on derivative liability and reported on the consolidated statement of income (loss) and comprehensive income (loss).

As at December 31, 2024, the carrying value of the host liability was \$203,109 (2024 - \$Nil), with \$43,109 of interest and accretion reported on the consolidated statement of income (loss) and comprehensive income (loss).

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10. Convertible Debentures (continued)

	XRI			Total
	Derivative	Host		
Balance, January 1, 2024	\$ -	\$ 200,260	\$	200,260
Interest	-	22,315		22,315
Accretion	-	32,803		32,803
Converted to promissory note payable	-	(255,378)		(255,378)
Debt issued, net of costs	90,000	160,000		250,000
Change in fair value of derivative liability	(8,587)	-		(8,587)
Interest and accretion	-	43,109		43,109
Balance, December 31, 2024	\$ 81,413	\$ 203,109	\$	284,522
Less: Current portion	-	-		-
Non-current: Balance, December 31, 2024	\$ 81,413	\$ 203,109	\$	284,522

	XRI			Total
	Derivative	Host		
Balance, January 1, 2023	\$ -	\$ -	\$	-
Debt issued	-	250,000		250,000
Amount allocated to equity	-	(51,771)		(51,771)
Interest accretion	-	2,031		2,031
Balance, December 31, 2023	\$ -	\$ 200,260	\$	200,260
Less: Current portion	-	-		-
Non-current: Balance, December 31, 2023	\$ -	\$ 200,260	\$	200,260

11. Share Capital

Authorized Share Capital

Unlimited common shares without par value.

Issued Share Capital

As described under Note 2(c), on November 8, 2023, the Company completed a one-for-six (1:6) reverse share split of all of its issued and outstanding common shares. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the Share Consolidation. All current and prior period share and per share data presented below has been retroactively adjusted to reflect the Share Consolidation unless otherwise noted.

At December 31, 2024, there were 18,878,002 common shares outstanding (December 31, 2023 – 15,315,628).

Shares issued during the year ended December 31, 2024

On September 27, 2024, the Company executed debt settlement and subscription agreements, whereby the Company issued 3,562,374 units to settle \$500,000 of promissory notes payable. Each Unit was comprised of one common share and one share purchase warrant exercisable at \$0.15 per share until September 27, 2027. The Company calculated a fair value of \$516,543 for 3,562,374 common shares based on the market value of the Company's shares on the date of issuance and \$433,099 for warrants based on a calculation using the Black-Scholes Option Pricing Model (Note 8).

11. Share Capital (continued)

Shares issued during the year ended December 31, 2023

On December 13, 2023, the Company issued 125,000 Restricted Share Units ("RSUs") to the lender of the Westdale loan #1 (Note 9). The fair value of the RSUs on the date of issuance was \$21,251 and was recorded in share-based compensation expense.

Obligation to issue shares

The obligation to issue shares balance is comprised of the \$21,250 (2023 - \$Nil) fair value of 125,000 vested RSUs (Note 14).

Reserve

Contributed surplus

The contributed surplus reserve includes items recognized as share-based payments expense.

Warrants

The warrant reserve records the fair value of warrants issued as part of financing transactions and for services.

Warrants

On September 27, 2024, the Company issued 3,562,374 Units to settle \$500,000 of promissory notes payable. Each Unit was comprised of one common share and one share purchase warrant exercisable at \$0.15 per share until September 27, 2027. The 3,562,374 warrants issued were valued at \$433,099 using the Black-Scholes Option Pricing Model using expected volatility of 160%, dividend yield of 0%, life of 3 years, and risk-free interest rate of 2.84% (Note 8).

The \$25,886 fair value of the previously issued 989,237 convertible debenture warrants was transferred from warrant reserves to contributed surplus as part of the debt settlement and subscription agreements.

The performance warrants were issued to the former CEO and were unvested at the time of termination and effectively cancelled on separation from the Company. The consultant, broker, and subscription receipt warrants expired during the fiscal year ended December 31, 2023.

Warrant continuity for the years ended December 31, 2024 and 2023 was as follows:

	Consultant Warrants	Performance Warrants	Broker Warrants	Subscription Receipts Warrants	Lender Warrants	Finder Warrants	Convertible Debenture Warrants	Settlement Warrants	Total
Balance, December 31, 2022	266,667	100,000	23,983	565,536	333,333	161,055	-	-	1,450,575
Expired	(266,667)	(100,000)	(23,983)	(565,536)	-	-	-	-	(956,186)
Issued	-	-	-	-	-	-	989,237	-	989,237
Balance, December 31, 2023	-	-	-	-	333,333	161,055	989,237	-	1,483,626
Cancelled	-	-	-	-	-	-	(989,237)	-	(989,237)
Issued	-	-	-	-	-	-	-	3,562,374	3,562,374
Balance, December 31, 2024	-	-	-	-	333,333	161,055	-	3,562,374	4,056,763

11. Share Capital (continued)

Warrants (continued)

The warrants outstanding as at December 31, 2024 are as follows:

Warrant	Exercise Price	Number of Shares Issuable upon Exercise	Weighted Average Remaining Contractual Life (Years)	Expiry Date
Lender Warrants	\$0.48	333,333	0.96	December 17, 2025
Finder Warrants	\$3.12	161,055	1.15	February 25, 2026
Settlement Warrants	\$0.15	3,562,374	2.74	September 27, 2027
		4,056,763		

Stock Options

The stock options vest according to specific terms on each employee, consultant, or director's stock option agreements.

The Company granted Nil (2023 - 98,572) stock options to two consultants exercisable at \$0.60 and expiring on January 27, 2025 (Note 14). The fair value of the granted options was Nil (2023 - \$22,219) and the options vested immediately.

As of December 31, 2024, a total of 365,239 (December 31, 2023 - 306,902) stock options have vested. Total share-based compensation recorded for the year ended December 31, 2024, in relation to the vested stock options was \$4,023 (December 31, 2023 - \$626,625) (Note 8).

The Company has estimated a 0% forfeiture rate in 2024 and 2023. The following weighted average assumptions were used in calculating the fair value of stock options granted using the Black-Scholes Option Pricing Model:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
Issued May 1, 2021	167%	0.92%	0%	5
Issued August 12, 2021	162%	0.91%	0%	5
Issued January 27, 2023	178%	3.65%	0%	2

The options outstanding at December 31, 2024, are as follows:

Exercise Price	Number of Shares Issuable and Exercisable	Weighted Average Remaining Contractual Life (Years)	Expiry Date
\$0.60	98,572	0.07	January 27, 2025
\$1.50	266,667	1.33	May 1, 2026
	365,239		

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11. Share Capital (continued)

Stock options continuity for the years ended December 31, 2024 and 2023 was as follows:

	Number of options
Balance, January 1, 2023	710,833
Granted	98,571
Cancelled	(444,165)
Balance, December 31, 2023	365,239
No changes during the year	-
Balance, December 31, 2024	365,239

Stock options cancelled are either due to expiry or forfeiture according to the terms of the Company's equity incentive plan and the circumstances of the optionee.

The total share-based compensation for the year was as follows:

	December 31, 2024	December 31, 2023
Stock-based compensation for options vested	\$ 4,023	\$ 648,844
RSU issued to lender	21,250	21,251
Stock-based compensation	\$ 25,273	\$ 670,095

Restricted Share Units

In accordance with a loan amendment (Note 8), the Company issued 500,000 RSUs, with 25% vesting on December 13, 2022, and the remainder vesting at 25% every 12 months. For the year ended December 31, 2024, 125,000 RSUs (December 31, 2023 – 125,000 RSUs) vested with a fair value of \$21,250 (December 31, 2023 - \$21,251). As at December 31, 2024, 125,000 RSUs remain unvested (December 31, 2023 - 250,000) (Note 8).

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12. Income Taxes

The following tables reconcile the expected income tax recovery at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the years ended December 31, 2024, and 2023.

	December 31, 2024	December 31, 2023
Loss before income tax	\$ (1,878,038)	\$ (4,127,799)
Tax rate	27%	27%
Expected income tax recovery	(507,070)	(1,114,506)
Increase (decrease) in income tax recovery resulting from:		
Non-deductible items and other	219,658	726,654
Change in deferred tax asset not recognized	287,412	87,443
Total income tax (recovery)	\$ -	\$ (300,409)

	December 31, 2024	December 31, 2023
Non-capital losses (Canada)	\$ (46,252)	\$ (2,730)
Intangible assets	26,734	300,409
Other	41,883	(1,639)
	22,365	296,040
Deferred tax asset not recognized	(22,365)	(296,040)
Deferred tax (liability)	\$ -	\$ -

The Company has non-capital loss carryforwards which may be carried forward to apply against future year income tax subject to the final determination by taxation authorities, expiring in the following years:

Year of expiry	Total
2037	\$ -
2038	-
2039	-
2040	-
2041	3,215,215
2042	3,866,466
2043	1,060,953
2044	481,877
Total	\$ 8,624,511

13. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

13. Financial Risk Management (continued)

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and payment processing platforms. The cash is deposited in bank accounts in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies. Credit risk on cash is assessed as low.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All loans bear a fixed rate of interest, while all the financial assets are either non-interest earning or short-term in nature. The Company is not exposed to significant interest rate risks.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's main source of funding has been loans from its parent company and equity financing. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Contractual Obligations As at December 31, 2024	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Trade payables and accrued liabilities	\$ 1,257,505	\$ 1,257,505	\$ -	\$ -	\$ -
Due to related parties	300,000	300,000	-	-	-
Convertible debenture	250,000	-	250,000	-	-
Due to parent	1,093,533	-	1,093,533	-	-
CEBA loan and interest	61,506	-	61,506	-	-
Total Contractual Obligations	\$ 3,262,544	\$ 1,857,505	\$ 1,405,039	\$ -	\$ -

d) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not actively hedge its exposure to fluctuations in foreign exchange rates. The Company is exposed to a moderate level of foreign exchange risk.

e) Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of

13. Financial Risk Management (continued)

different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The list below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Instruments carried at fair value are measured using level 3 inputs.

The Company's financial instruments consist of cash and cash equivalent, receivable, investments, trade and other payables, accrued liabilities, due to former parent, due to related parties, CEBA loan, convertible debentures, derivative liability, obligation to issue shares, and loans payable including accrued interest. With the exception of investment measured at fair value through profit and loss, all financial instruments are measured at amortized cost. The carrying value of financial instruments approximates the fair value at December 31, 2024 and 2023.

The Company manages its cash as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technology and products and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. The Company will require capital resources to carry its plans and operations through its current operating year. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

14. Subsequent Events

On January 10, 2025, the Company issued 125,000 common shares pursuant to the conversion of 125,000 RSUs with a fair value of \$21,250 (Note 11).

Deconsolidation of Synthesis

The Company entered into a five-year non-cash, rent-to-purchase agreement with a Bulgarian company controlled by former directors, (the "Licensee") of the Company and founders of Synthesis. Under the agreement, XRI, which currently owns Synthesis, agreed to license and let the Licensee operate all of Synthesis' business operations and use the Synthesis brand and platform for a period of five years for \$4,500,000 ("Purchase Price") and the ability for it to purchase the Synthesis brand within this time frame from XRI. The Licensee was granted the rights to operate under Synthesis, use the Synthesis website, manage, service and bill all the Synthesis clients using its own name. In lieu of paying any license fees to XRI-

14. Subsequent Events (continued)

On January 27, 2025, 23,572 stock options exercisable at \$0.60 per share, expired unexercised.

The Company extended the expiry date of 75,000 shares exercisable at \$0.60 per share from January 27, 2025 to January 27, 2027.

On March 13, 2025, the Company granted 60,000 stock options to an advisor which are exercisable at \$1.00 per share until March 13, 2027. The Company has agreed to grant the advisor 60,000 stock options annually for as long as the January 1, 2025 Advisory Agreement remains in effect.

Acquisition of Assets from InsulinQ

The Company plans to enter into the diabetes care sector with innovative, continuous glucose monitoring solutions that enhance user experience at an affordable price. Until December 15, 2024, the Company was a Virtual Reality ("VR") location management and content licensing platform.

On December 15, 2024, the Company entered into an asset purchase agreement with InsulinQ, whereby the Company agreed to acquire continuous glucose monitoring technology and inventory. In consideration of the acquisition, the Company has agreed to issue 4,000,000 common shares with a deemed fair value of \$3,000,000. An additional 400,000 common shares with a deemed fair value of \$300,000 will be issued to an arm's-length consultant to settle a finder's fee related to the asset purchase agreement. As at December 31, 2024, the Company is awaiting regulatory approval from the British Columbia Securities Commission for the asset purchase agreement.

On June 26, 2025, received formal notice from InsulinQ terminating the agreement in respect of the proposed acquisition of its Continuous Glucose Monitoring (CGM) technology. The termination was due to delays in satisfying the closing conditions within the agreed timeline. No consideration shares or finder's fee shares were issued, and no cash or other payments were made in connection with the proposed acquisition. The Company has no further obligations arising from the terminated agreement.